



FACT SHEET

U.S.-Korea Free Trade Agreement **New York Farmers Will Benefit**

September 2008

The United States concluded free trade negotiations with Korea on April 1, 2007. The U.S.-Korea Free Trade Agreement (KORUS FTA) is the most commercially significant free trade agreement the United States has negotiated in nearly 20 years.

The KORUS FTA provides immediate elimination of duties on more than 60 percent of current U.S. exports and gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of New York's agricultural products, including dairy, fruits, and beef. New York's exports to all countries, estimated at \$671 million in 2006, supported about 8,600 jobs, both on and off the farm. These export sales make an important contribution to New York's farm economy, which had total cash receipts of \$3.5 billion in 2006.

Dairy. The dairy industry accounted for 46 percent of the state's farm cash receipts with earnings of \$1.6 billion in 2006. New York is the nation's third largest exporter of dairy products. Dairy farmers will benefit from this FTA.

- The FTA will provide immediate duty-free access for double the current export volume of total dairy products. Duty-free quotas will be established for cheese, skim/whole milk powder, food whey, and butter.
- Current annual U.S. feed whey exports of \$8 million will gain duty-free access to the Korean market immediately upon implementation.

Fruits and Fruit Products. The fresh and processed fruit industry is important to the state and will benefit from this agreement.

- Grape juice will become immediately duty free eliminating the current duty of 45 percent.

- Many other products such as tart cherries and strawberries will see duties of 45 percent eliminated in 9 and 10 years.
- Korea's tariff of 45 percent on apples (other than Fuji) and pears (other than Asian varieties) will be eliminated in 10 years. During non-FTA sanitary/phytosanitary discussions, Korea agreed to proceed on the long-standing U.S. pest risk assessment request.

Beef. New York's cattle and calf industry is the state's fourth largest source of farm cash receipts with sales of \$157 million in 2006. The industry will benefit from this FTA.

- For beef muscle meats, the FTA provides a 15-year straight-line tariff phase out with a safeguard that begins growing from 270,000 tons, a quantity that is 17 percent larger than our largest historical shipments.
- Technical consultations continue toward the goal of allowing imports to take place consistent with World Organization for Animal Health (OIE) guidelines.
- Following the May 2007 decision by the OIE classifying the United States as a controlled-risk country, Korea has announced that it will undertake in a timely manner its regulatory process toward expansion of market access for beef and beef products.

Vegetables. New York exported an estimated \$71 million in fresh and processed vegetables in 2007. Potato and other vegetable growers will benefit from this agreement.

- Tariffs on asparagus, canned and processed tomatoes, frozen potato fries, and chipping potatoes (during the U.S. potato shipping season) will become duty free immediately.
- A new 3,000-ton duty-free quota is established for fresh potatoes.
- Other products such as carrots, lettuce, and sweet corn, with duties ranging from 30 to 45 percent, will have tariffs phased out in either 5 or 10 years.

Wines. As a leading U.S. producer and exporter of wines, New York wine producers will benefit from this agreement. Wine producers will benefit from the FTA as all import tariffs on wine in the growing Korean market will be immediately eliminated.

For questions about the U.S.-Korea Free Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs Office at (202)720-7115 or LPA@fas.usda.gov.

For detailed information on how the Agreement benefits specific commodities, please visit: <http://www.fas.usda.gov/info/factsheets/Korea/us-koreaftafactsheets.asp>.